

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1210-03
Bill No.: HB 968
Subject: Boats and Watercraft; Property, Real and Personal; State Tax Commission;
Taxation and Revenue - Property
Type: Original
Date: April 26, 2011

Bill Summary: Would specify the classification of certain new watercraft as residential property for property taxation purposes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Blind Pension	\$0	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State**, the **City of Centralia**, and the **Parkway School District** assumed a similar proposal in the previous session (HB 1647 LR 3680-01) would have no fiscal impact on their organizations.

Although they did not respond to our request for information, officials from the **Office of Administration, Division of Budget and Planning** (BAP) assumed a similar proposal in the previous session (HB 1647 LR 3680-01) would not result in additional costs or savings to their organization.

BAP officials stated that the proposal would change qualifying watercraft from personal property (vehicles) to residential property. Vehicles are assessed at 33.3% of value, while residential property is assessed at 19% of value. Therefore this proposal could reduce local property tax collections if related levies are not adjusted, perhaps significantly in counties with large numbers of qualifying watercraft. BAP does not have data on the number or valuation of qualifying watercraft.

BAP officials stated that this proposal would not impact general revenues, but could reduce Blind Pension Fund revenues.

Officials from the **Department of Revenue** (DOR) and **St. Louis County** assume this proposal would have no fiscal impact on their organization.

Officials from the **State Tax Commission** (TAX) assume this proposal would have no fiscal impact on their organization. TAX officials assume this proposal could result in a loss of revenue for certain local governments.

Officials from the **Department of Elementary and Secondary Education** (DESE) assumed a similar proposal in the previous session (HB 1647 LR 3680-01) would have no fiscal impact on their organization and deferred to the Department of Revenue as to the fiscal impact on the state.

Officials from the **Office of the Platte County Collector** assumed a similar proposal in the previous session (HB 1647 LR 3680-01) could lead to enormous negative monetary impact for local governments.

ASSUMPTION (continued)

Officials from the **City of Kansas City** assume this proposal would have a negative fiscal impact on their organization of an indeterminate amount.

Officials from the **Missouri Highway Patrol** did not respond to our request for information.

Oversight assumes this legislation would require new qualifying watercraft purchased on or after August 28, 12011 to be classified as real property rather than personal property, which would result in lower property tax revenues for local governments and the Blind Pension Fund. Oversight notes that watercraft purchased on or after August 28, 2011 would be assessed for property taxes in January 2012; taxes on those watercraft would be due in December 2012 (FY 2013).

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
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BLIND PENSION FUND

<u>Revenue reduction - property taxes</u>	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON BLIND PENSION FUND	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
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LOCAL GOVERNMENTS

<u>Revenue reduction - property taxes</u>	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation would mandate the classification of certain new watercraft as residential property for property taxation purposes.

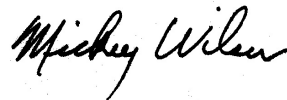
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
State Tax Commission
St. Louis County
City of Centralia

NOT RESPONDING

Office of Administration
Division of Budget and Planning
Missouri Highway Patrol



Mickey Wilson, CPA
Director
April 26, 2011